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S E C R E T SECTION 01 OF 03 BAGHDAD 000343

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DEPARTMENT FOR NEA/I AND NEA/IR  
NSC STAFF FOR OLLIVANT AND MAGSAMEN

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TAGS: ETRD PTER KTFN KCOR PREL KNNP IR IZ  
SUBJECT: IRAN-IRAQ BORDER CROSSING VULNERABLE TO SMUGGLING,  
GRAFT, ILLICIT MONEY FLOWS

REF: A. BAGHDAD 306  
¶B. 08 BAGHDAD 2964

Classified By: Classified By: Senior Advisor Gordon Gray for reasons 1.  
4 (a, b, d, e, g).

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Summary  
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¶1. (S/NF) Iraqi border inspectors at the Shalamsha port-of-entry (POE) are ill-equipped to prevent smuggling of weapons, drugs, and other contraband from southern Iran, border officials told Senior Advisor for Southern Iraq Gordon Gray during a visit February 2. MNF-I forces and U.S. contractors serving in a port-of-entry transition team (POETT) also cautioned that corruption, inexperience, tangled lines of authority, and inadequate equipment hinder operations at Shalamsha, which reopened to commercial traffic January 19 after a nine-month closure. About 25 trucks full of cargo now cross Shalamsha from Iran each day, while Iraq exports little or nothing across the border into Iran. An average of 2,000 people cross the border in both directions each day, recently about 70 percent of them entering Iraq for pilgrimages. End summary.

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Shalamsha Re-Opened for Cargo  
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¶2. (S/NF) Senior Advisor Gray, the director of the Regional Embassy Office (REO) in Basra, and emboffs visited the port-of-entry (POE) of Shalamsha on February 2 to review POE procedures and capabilities. The USG delegation met with BG Farhood Asi Mohammed, director of the POE, as well as his colleague BG Kareem (NFI), who report through the GoI's Ports of Entry Directorate to the Ministry of Interior. Farhood and Kareem coordinate border inspection operations of 13 GoI agencies and ministries including health, agriculture, finance, transportation, and the Iraqi National Intelligence Service (INIS). Farhood confided that he has nominal authority over the POE, but little operational control over all the myriad GoI agencies. All transactions at the border are done in cash: there is not yet any bank branch operating there, increasing the risk of corruption and various types of illicit money flows including terrorism financing.

¶3. (C) Shalamsha is 13 miles east of Basra, Iraq's second-largest city and home to all of Iraq's water ports. One two-lane highway leads to and from the POE with vacant wasteland on either side of the road. Like other POE on the Iranian border, Shalamsha had been closed from the outbreak of the Iran-Iraq war in 1980 through 2003. It reopened for both passenger and commercial traffic in 2003, but the GoI closed it for cargo at the onset of Prime Minister Maliki's

successful Charge of the Knights campaign in March 2008 against Iranian-supported militias in Basra. The GoI reopened the border for commercial traffic on January 19 .

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Iranian Interest, Inadequate Cargo Screening  
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¶4. (C) Iranian officials have taken a keen interest in the border crossing, either for commercial or more malign purposes. One U.S. military contact told us that "everything here is influenced by Iran." In a meeting with REO Basra in early January, Farhood took a phone call from a caller he identified as the Iranian Consul General in Basra, whom he said was pressing the Government of Iran for a date to reopen the border for commercial traffic. POETT team members report that an Iranian official they identified as Mr. Ramadi, economic advisor to the Iranian consulate in Basra, is a Qeconomic advisor to the Iranian consulate in Basra, is a regular visitor to the offices of Generals Farhood and Kareem.

¶5. (C) On February 2, two dozen Iraqi trucks were lined up on the Iraqi side of the border, waiting to cross to a transfer loading dock on the Iranian side to pick up cargo. Our contacts told us that 50-70 percent of the trucks are bringing foodstuffs, mainly fish and packaged cookies. Other cargo observed included cement, ceramic tiles, and Styrofoam panels. Our U.S. military contacts told us about 25 trucks cross per day, with 39 the highest number thus far. Cargo is weighed on a single, rickety weigh station. (There is nothing as sophisticated as a red and green lane for customs.) The transfer is conducted beyond the vision of inspectors on the Iranian side of the border. When the

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trucks return to Iraq, customs inspectors scan them with a back-scatter x-ray, while health inspectors have the discretion to send samples of food to Basra for testing. But members of the USG's POETT team said laboratory testing is impractical for fresh food because it can take up to 72 hours. The cargo is long gone by the time lab results are back.

¶6. (C) The back-scatter x-ray is also inadequate; two are necessary for a full view of cargo trucks but only one of the three units on site is currently operational. There is no radiological, explosive detection or chemical screening equipment. Thus, cargo cannot be fully examined by technical means and a hand search is necessary. Our U.S. military contacts assessed the risk that cargo includes components for Explosively Formed Penetrators (EFPs) as moderate. In addition, the POE lacks adequate electricity and a dedicated phone landline to Basra. Currently, the electricity the POE receives is supplied by Iran, leaving it at the mercy of any Iran-initiated blackouts.

¶7. (C) The MoI had warned border inspectors to look out for fraudulent ballots and ballot boxes coming from Iran in the weeks before and heroin, adding that such problems have decreased in recent months as Iranian inspectors increased their own searches in response to stricter Iraqi measures. Farhood said that some transit passengers wanted by Interpol were detected and arrested at the POE. POETT members confirmed the drug seizures but had no indication of a change in trend or change in Iranian inspection procedures.

¶9. (S/REL MCFI) As at other POEs, Iraqi officials process pedestrians via the PISCES (Personnel Identification Secure Comparison and Evaluation System) database, and the USG also checks military-age Iranian males between 14-65 crossing the border using a biometric system called BATS (Biometric Automated Toolset) (ref B ). Information is routinely shared between the two systems at the national level. However, Iraqi and USG officials agreed that the border operation is

under-financed and current procedures and equipment are inadequate for appropriate screening of passengers and cargo.

Farhood admitted the buildings were old and the flow of persons was confused, with a bottleneck after the initial processing. Outbound and inbound personnel need to be separated. Passengers need protection from the elements. Baggage scanning is inadequate. Officials have no accommodations. Farhood is seeking organizational improvements and a redesign of the facilities. He also requested U.S. assistance to purchase hand-held wands, in addition to a baggage scanner, a way to evaluate travel credentials, and training for inspectors.

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DHS plans  
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¶10. (C) The Department of Homeland Security (DHS) is in the process of moving a two-person training team to Shalamsha to work with the POETT to train, mentor and advise Iraqi border officials and inspectors. In addition, DHS is engaging with the GOI to move forward on the purchase of state of the art Non-Intrusive inspection equipment (VACIS) that will be used to inspect cargo. The Ministry of Finance has entered into an agreement to purchase approximately 30 VACIS machines from China, including two for Shalamsha, although the purchase is currently stalled in the cabinet office responsible for procurements. The Minister of Finance has asked DHS to brief that office on the importance of this equipment for the detection of contraband coming through the POEs. DHS is also engaged with the GoI to improve the command and control at the POE and clearly delineate roles and responsibilities at the POE for the various ministries, which should address POE Director Farhood's legitimate complaint that he has very little control over the employees at the ports.

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Bio Note: BG Farhood  
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¶11. (S) Farhood was a naval officer with no prior POE experience when he was assigned in 2006 to be interim manager of all POE in Baghdad. He transferred to Shalamsha in late ¶2008. One contact told us that Farhood was sent by Baghdad to "clean things up" but had been sidelined by Kareem whom our contacts believe is corrupt.

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Comment: Assistance Needed  
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¶12. (C) Legal commercial traffic at Shalamsha should decrease the incentives for smuggling otherwise legitimate products through the marshes of southern Iraq. But in the short term, inadequate screening procedures, equipment and training at Shalamsha create significant vulnerabilities for smuggling of drugs, weapons, cash, and other contraband. (We do not have proof that weapons or cash are being smuggled into Iraq at this POE.) The Embassy and MNF-I Joint Campaign Plan (JPC) will advocate a massive infrastructure improvement plan for the POE to bring it up to international standards, but it remains to be seen whether the GOI will make the substantial investment that will be needed at Shalamsha and the other POE. We may wish to consider more border training and equipment in the future -- including radiological screening devices and other non-proliferation measures. End comment.

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